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ITEM 137



CONSUMER AFFAIRS

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FROM: D. E. L. Keown,
Director.

*Altn. Dir. Con. Affs
Con. Affs Br*

TO: Hon. A. O. Aalborg,
Provincial Treasurer.

DATE: February 2nd, 1971.

I submit herewith a report ending December 31, 1970 on the operation of the Consumer Affairs Branch, from which you may wish to incorporate part or all for your annual report as required by the Consumer Affairs Act.

A handwritten signature in cursive script, reading "D. E. L. Keown".

D. E. L. Keown,
Director of Consumer Affairs.

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acknowledge or who have no intention of satisfying legitimate complaints. It would appear that consumers require an additional avenue other than the courts to curtail these common abuses.

Annual Report pursuant to Section 6
of The Consumer Affairs Act

The Consumer Affairs Act which was proclaimed July 1, 1970 provided for the establishment of a Consumer Affairs Branch under the administration of the Provincial Treasurer. The volume of complaints and enquiries has reached the point where the present staff, who are also responsible for the operation of the Consumer Credit Branch, are unable to make satisfactory progress in effectively carrying out their duties. Consequently two additional personnel have been requested.

From the initial six months operation of the Branch it is apparent that one of the most important functions is consumer education.

Some of the areas of complaint and the problems brought to the attention of the Director of the Branch are as follows:

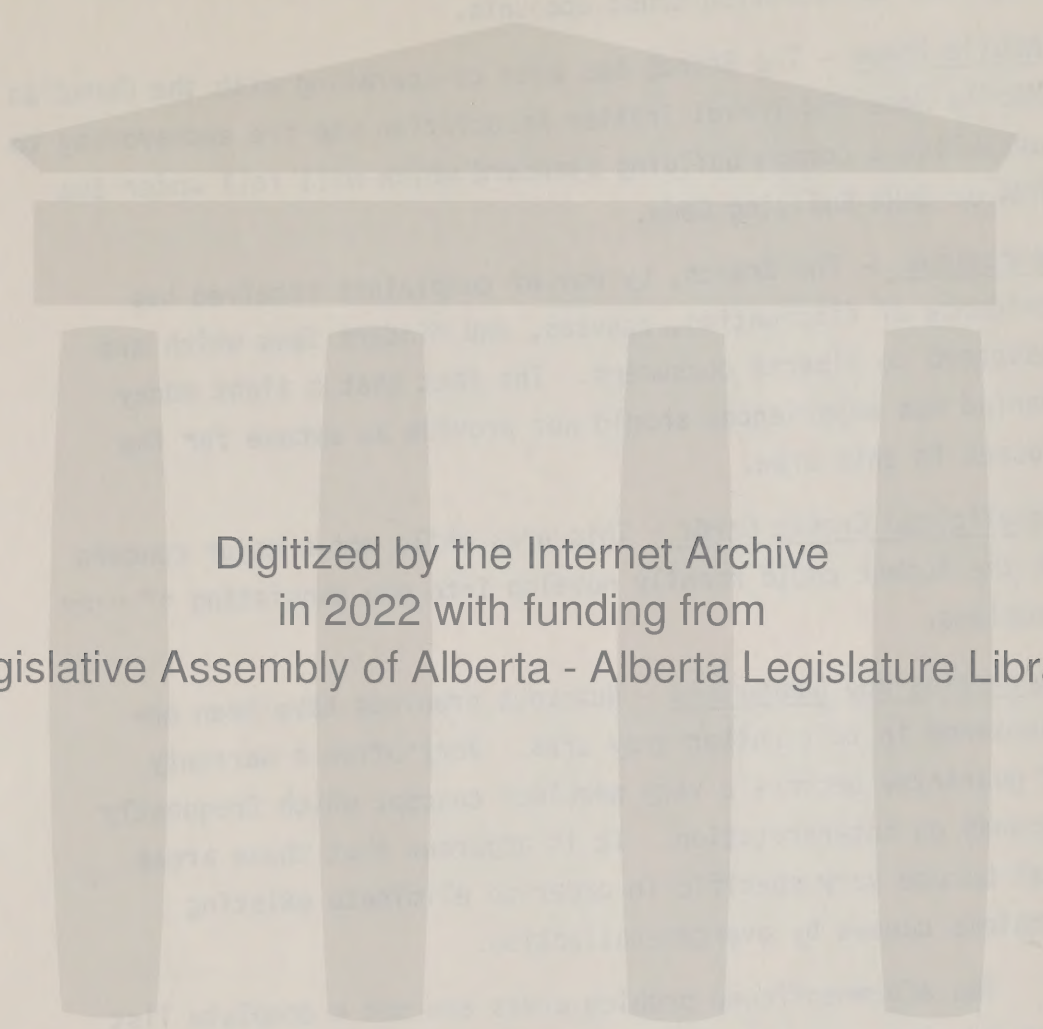
1. Advertising- It would appear that most complaints arise as a result of advertising that does not contain sufficient information from which to make a factual decision. In other words, consumers complain that they are being presented with only half the truth rather than all of it.
2. Cleaners - Two very common complaints are with dry cleaning and carpet cleaning. In most instances the companies concerned endeavor to rectify the complaint when it is brought to their attention. However, there are companies who will not acknowledge or satisfy legitimate complaints. It would appear that consumers require an additional avenue other than the courts to curtail these common abuses.

... and the companies who will not acknowledge or who have no intention of satisfying legitimate complaints. It would appear that consumers require an additional avenue other than the courts to curtail these common abuses.

3. Direct Sellers - It is obvious that more stringent and mandatory bonding requirements are necessary to effectively curb the abuses being experienced in the area. There should be a necessity that direct sellers involved in lay-away purchase programs should be required to establish trust accounts.
4. Mobile Homes - The Branch has been co-operating with the Canadian Mobile Home and Travel Trailer Association who are endeavoring to establish a common building standard which will fall under the NHA or CMHA Building Code.
5. Mortgages - The Branch, by way of complaints received has evidence of discounting, bonuses, and finders fees which are assessed to Alberta consumers. The fact that a tight money period was experienced should not provide an excuse for the abuses in this area.
6. Unsolicited Credit Cards - This area while not a major concern at the moment could readily develop into one consisting of many problems.
7. Warranties and Guarantees - Numerous problems have been encountered in this rather grey area. Very often a warranty or guarantee becomes a very nebulous concept which frequently depends on interpretation. It is apparent that these areas must become very specific in order to eliminate existing problems caused by overgeneralization.

The aforementioned problem areas are not a complete list but they are ones which caused major concern to Alberta consumers over the past year. Undoubtedly as the Branch gains experience other areas will appear which will require attention.

There are numerous companies who will not acknowledge or who have no intention of satisfying legitimate complaints. It would appear that consumers require an additional avenue other than the courts to curtail these common abuses.

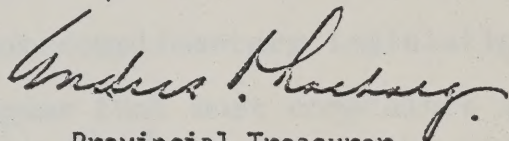


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The Branch has been working very closely with Federal and other provincial governments in an attempt to produce uniform legislation where common problem areas exist. Major undertakings have been achieved in the initial meetings and much more will be accomplished in future exchange of information.

The Branch, although still in early stages of development, has accomplished much in assisting Alberta consumers to deal with their complaints and inquiries. Initially the Branch was not fully prepared for the demands that were made upon it and while it is still being taxed to capacity, only experience will determine what the final requirements will be. In the meantime, the Branch has provided a very valuable service to Alberta consumers.

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Provincial Treasurer

acknowledge or who have no intention of satisfying legitimate complaints. It would appear that consumers require an additional avenue other than the courts to curtail these common abuses.

The Consumer Affairs Act which was proclaimed July 1, 1970 provided for the establishment of a Consumer Affairs Branch under the administration of the Honorable A. O. Aalborg. There was an immediate deluge of complaints and enquiries. This initial flood has continued until it has reached the point where the present staff, who are also responsible for the operation of the Consumer Credit Branch, are unable to make satisfactory progress in effectively and efficiently carrying out their duties. Consequently two additional personnel have been requested in the Estimates.

From the initial six months operation of the Branch it is apparent that one of the most important functions is consumer education. It is most important a program be devised and submitted for approval during the coming year.

Some of the areas of complaint and the problems are briefly listed as follows:-

1. Advertising - It may well be that complimentary legislation is required in this area. It would appear that most complaints arise as a result of advertising that does not contain sufficient information from which to make a factual decision. In other words, consumers are only being presented with half the truth rather than all of it.,
2. Charter Business - This entire area requires a complete examination in order to determine what abuses are being felt. When identified it will be necessary to establish requirements to prevent them.
3. Cleaners - The two most common complaints are with dry cleaning and carpet cleaning. In most instances the companies concerned endeavor to rectify the complaint when it is brought to their attention. However, there are sufficient companies who will not acknowledge or who have no intention of satisfying legitimate complaints. It would appear that consumers require an additional avenue other than the courts to curtail these common abuses.

4. Collections and Credit Reporting - The complaints to date indicate an invasion of privacy is being experienced in this field. Too often accounts which are assigned for collection, are not verified, and then further incorporated into a credit report prior to determining their factual content. It would appear that a Fair Credit Reporting Act should be contemplated.
5. Direct Sellers - It is obvious that more stringent and mandatory bonding requirements are necessary to effectively curb the abuses being experienced in the area. There should be a necessity that direct sellers involved in lay-away purchase programs should be required to establish trust accounts.
6. Magazine Subscriptions - There is an estimated one million five hundred thousand dollars of the total industry being raised by deceptive practises within our Province. A complete investigation will undoubtedly bring out the requirements needed to stop these practises.
7. Mobile Homes - The Branch has been co-operating with the Canadian Mobile Home and Travel Trailer Association who are endeavoring to establish a common building standard which will fall under the NHA or CMHA Building Code. This is an urgent area of concern as at the moment too many Alberta consumers having once made the purchase are left to their own devices to gain satisfaction for substandard product and inferred warranty.
8. Mortgages - This area requires a full scale study. The Branch, by way of complaints received has evidence of discounting, bonuses, and finders fees which are unscrupulously assessed to Alberta consumers. The fact that a tight money period was experienced should not provide an excuse for the excessive abuses that prevail in this area.
9. Pyramid Franchises - The funds that have been extracted from consumers in this area are excessive and controls must be set to

prohibit this type of abuse. The unfortunate fact is the consumer community is rapidly saturated by an uncontrolled sales force, and by the time warnings are issued it is too late to prevent injury.

10. Rental Disputes - Although The Landlord and Tenant Act provides the mechanics for the settling of most disputes it was found that the necessary results were not always achieved. There are too many unwary tenants who are not aware of their rights or how to achieve them. There are also the companies who set themselves up as rental agencies and for a fee, propose to locate accommodation or refund the fee. Unfortunately, very often neither the accommodation is located nor the fee refunded.

11. Unsolicited Credit Cards - This area while not a major concern at the moment could readily develop into one consisting of many problems. Simple regulations must be developed to ensure that credit cards will only be issued upon receipt of a signed application.

12. Warranties and Guarantees - Numerous problems have been encountered in this rather grey area. Very often a warranty or a guarantee becomes a very nebulous concept which frequently depends on interpretation. It is apparent that these areas must become very specific in order to eliminate existing problems caused by overgeneralization.

The aforementioned problem areas are not a complete list but they are ones which caused major concerns to Alberta consumers over the past year. Undoubtedly as the Branch gains experience other areas will be uncovered which will require attention.

The Branch has been working very closely with Federal and other provincial departments in an attempt to produce uniform legislation where common problem areas exist. Major undertakings have been achieved in the initial meetings and much more will undoubtedly be accomplished in future exchange of information.

The Branch, while very much still in the infant stage, has accomplished a great deal in assisting Alberta consumers to gain satisfaction for their complaints and inquiries. Initially the Branch was not prepared for the demands that were requested and while it is still being taxed to capacity, only experience will dictate what the final requirements will be. In the meantime, the Branch has provided a very valuable service to Alberta consumers.

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